



**Commonwealth of Kentucky  
Finance and Administration Cabinet**

**Steven L. Beshear, Governor**  
**Lori H. Flanery, Secretary**

## **FINANCE AND ADMINISTRATION CABINET TOP 10 ACCOMPLISHMENTS FOR 2013**

The accomplishments outlined for 2013 continue to demonstrate the broad scope of the Finance and Administration Cabinet's work. While the Finance Cabinet's role in state government is somewhat different from other state agencies—primarily the support agency for state government—our work impacts more than state government. From information technology, procurement, financial controls, asset management, facilities, local government support to tax revenue collections and more, the Finance Cabinet is committed to providing services in the most professional, efficient and transparent manner to client agencies and to the citizens of Kentucky.

The 2013 highlights focus on award-winning service, efficiency, technology and transparency.

### **Awards and Recognitions**

**NATIONALLY RECOGNIZED ENERGY SAVINGS SYSTEM:** The only state to have such a system—the Commonwealth Energy Management Control System—CEMCS was the featured case study for the National Association of Chief State Administrators. CEMCS also was chosen as the 2013 National Project of the Year by the Association of Energy Engineers. CEMCS is an enterprise software system designed to monitor, analyze, control, and optimize energy utilization. CEMCS has already saved \$2.85 million for the state with more anticipated as more buildings are added.

**OFFICE OF PROCUREMENT SERVICES RECOGNIZED:** OPS received the 2013 Agency of the Year award at the annual Kentucky Public Procurement Association's annual meeting. The award recognizes a state or local agency that has demonstrated major accomplishments during the past year including creative procurement strategies and money saving procedures.

**PROFESSIONAL ACHIEVEMENT RECOGNITION:** State Controller Ed Ross received the 2013 Governor's Award for Professional Achievement. He has seen many changes during his 45 years of service. Ed is a consummate professional who goes above and beyond and has repeatedly been recognized nationally by peers and professional organizations.

**26 YEARS OF EXCELLENCE:** For the 26th consecutive year, the Office of the Controller has been awarded the Certificate of Achievement for Excellence in Financial Reporting by the Government Finance Officers Association (GFOA). This is an important factor that bond rating agencies use to evaluate the credit worthiness of a governmental unit. The Certificate of Achievement is the highest form of recognition in governmental accounting and financial reporting, and its attainment represents a significant accomplishment by a government and its management.

**MOST ADVANCED MENTAL HEALTH FACILITY:** The Department for Facilities and Support Services spearheaded the design and construction of Eastern State Hospital that opened in September 2013. It is the only such mental health facility in the nation and replaces the pre-Civil War era hospital with a state-of-the-art facility designed to LEED silver certification.

## Efficiency

**LARGEST IT RE-ORGANIZATION IN STATE GOVERNMENT HISTORY:** Began implementing the IT Infrastructure Initiative (I.3) by successfully completing the Office of the State Budget Director (OSBD), and successfully migrating the 14<sup>th</sup> floor datacenter from the Capital Plaza Tower to the Commonwealth Data Center, and completing the assessment phase for the Cabinet for Health and Family Services (CHFS) and the Cabinet for Economic Development (CED). Human resources changes included hiring a new CIO, transferring 236 technology infrastructure employees from various cabinets to COT and establishing/hiring business relationship managers (BRM).

**NEXT GENERATION ePAY:** Transitioned the commonwealth's incoming electronic payment processing to a new technology platform. Once fully implemented, citizens will be able to make electronic payments for everything from fishing licenses and business licenses to income taxes. Allows the more than 150 state agencies to readily collect and move money to Commonwealth accounts. In FY2013 more than \$3.3 billion in receipts was processed through the Commonwealth's ePAY application.

**FIRST ONLINE AUCTION DELIVERS:** Surplus Properties conducted its first ever online-only auction for the Department of Agriculture petroleum lab equipment. The final total proceeds were \$2.14 million, which exceeded the approximately \$2 million original equipment purchase price.

**SAVINGS WITH BOND REFUNDING:** The Office of Financial Management made the most of continuing low interest rates and refunded various general fund and agency fund bonds, allowing the state to realize \$10,013,458 in present value savings. This included \$872,424 for the State Property & Buildings Commission, \$4,498,078 for the Kentucky Fair and Exposition Center, and \$4,642,957 for public universities.

## Technology

**ENTERPRISE BUSINESS INTELLIGENCE (EBI) Initiative:** The Finance Cabinet's Financial Analysis System, FAS3, and KHRIS (reports) were the first applications to move to the new EBI Production environment. Currently applications in the testing/development environment are the Department of Revenue's Compliance Data Warehouse and Computer Assisted Collection System for Government (CACS-G) and the Department of Education's--preschool to post secondary--child development data system.

**DRIVING REVENUE:** COT designed, developed and implemented two major IT systems capabilities for the Department of Revenue. One program enables DOR to request non-renewal of Driver's Licenses, vehicle registration and professional licenses in cases of taxpayer delinquency. The "early wins" compliance program within the On-line System for the Collection of Accounts Receivable resulted in more than \$19 million in new tax collections.

**HEALTH BENEFITS EXCHANGE:** The Commonwealth Office of Technology worked closely with CHFS to design and implement the Independent Verification and Validation (IV&V) process for the Health Benefits Exchange (HBE). COT also provided a robust computing and telecommunications infrastructure to enable the HBE initiative.

**FIRST TIME, FULL REDUNDANCY:** With full activation of the Alternate Data Center (ADC), the Commonwealth now has a fully redundant facility to provide for disaster recovery and business continuity in the event of a catastrophic failure at the Commonwealth Data Center in Frankfort.

### Transparency

**ONLINE AVAILABILITY:** For the first time ever, delinquent property tax bills (beginning with 2012) for all counties were posted to the Department of Revenue's website. This provides notice in one central location to both property owners and third party purchasers prior to the sale of the delinquent bills. Delinquent bills will be posted annually. Additionally, the new *Where's My Refund*, allows taxpayers to check the status of their Individual income tax refund online. Taxpayers can log on to [www.revenue.ky.gov](http://www.revenue.ky.gov) and click on to obtain the most current and up to date information about their refund.

**EASIER ONLINE BUSINESS REGISTRATION MAKES GAINS:** Work on the Kentucky Business One Stop is focused on developing both a central registration system and a central data system. The central registration system will streamline every business registration with the state. The central data system will compile in one place all business demographic data utilized across state government, such as business name, address, and phone number, creating a "golden record" for each registered business. With Identity Management capabilities each business's unique account can be easily updated and managed.

## **Top Accomplishments for Agencies Administratively Attached To the Finance and Administration Cabinet**

### **Kentucky Higher Education Assistance Authority (KHEAA)** **Kentucky Higher Education Student Loan Corporation (KHESLC)**

**CLOSE THE DEAL:** KHEAA Outreach Counselors participated Close the Deal pilot events at three schools: Bullitt Central, Campbell County and Lawrence County High Schools. Created by Lieutenant Governor Jerry Abramson, Close the Deal brings community and business leaders, college admissions, and financial aid representatives together to help students understand the importance of postsecondary education.

**OUTREACH SERVICES:** In FY 2013, KHEAA and KHESLC Outreach Services staff counseled more than 186,000 Kentuckians on preparing for and reaching their higher education goals and touched the lives of citizens in all 120 Kentucky counties. Partners included numerous community, state, regional and national

college access programs, retention initiatives and organizations to improve Kentucky's college-going rate and help students succeed through degree completion.

**GRANTS, LOANS, FORGIVENESS:** KHEAA disbursed over \$198 million in the forms of grants, scholarships and work-study programs. The Kentucky Advantage Education Loan for parents and students, continued to grow in popularity, experiencing a 90 percent increase over the last fiscal year. In FY 2013, KHESLC distributed over \$5.2 million in Best in Class, Best in Care, and Best in Law loan forgiveness awards to 4,702 qualified applicants - Kentucky teachers, nurses and public service attorneys.

**TRUST, BUT VERIFY:** The U.S. Department of Education requires institutions to verify information reported on a student's Free Application for Federal Student Aid (FAFSA). KHEAA's new Verify service is used by institutions ranging from small private and community colleges to large four-year institutions.

### Kentucky Housing Corporation (KHC)

**HOUSING ASSISTANCE:** KHC provided mortgage loans to 1,808 Kentucky families through November, of which 1,125 utilized some form of down payment/closing costs assistance provided by KHC. KHC also helped 4,783 families avoid foreclosure and stay in their homes through the Unemployment Bridge program and provided rental assistance with Section 8 vouchers to more than 4,600 families.

**RECOVERY KENTUCKY:** This model program helps Kentuckians recover from substance abuse, which often leads to homelessness. The effort, jointly supported by the Dept. for Local Government, the Dept. of Corrections and KHC, operates ten centers throughout the Commonwealth. Through October of 2013, a total of 10,635 participants had entered the program since its inception.

**KENTUCKY HOME PERFORMANCE:** This program, in partnership with DEDI and the Department of Energy, continued to be recognized nationally for its innovation and success by winning a "Best of HFAs" award at the National Council of State Housing Agencies annual conference. Additionally, it was awarded an additional grant, expanding and funding the program for three more years.

**KHC 20/20:** Kentucky Housing implemented a corporate-wide re-organization to better prepare for challenges over the next five years.

### Kentucky River Authority (KRA)

**60 MILES MORE ACCESSIBLE:** The KRA completed upgrade and renovations projects for locks and dams 3 and 4. This opens up approximately 60 miles of navigation between Frankfort and Louisville. This \$4 million project was the most extensive since the locks and dams were built in the 1830-1840 timeframe.